



5 September 2003

## **INFORMATION PAPER**

**SUBJECT:** Contract Administration, Capital Improvement Program

1. Purpose: To provide information on the subject study.
2. Points of Major Interest and Facts.

a. By letter dated, 21 August 2001, Governor Babauta requested the Honolulu District's assistance in reviewing the operations and management of their governmental organizations in support of the Capital Improvement Program (CIP). In particular, Governor Babauta requested that the review be focused on the effectiveness of their contracting and contract administration activities. Funds in the amount of \$60,000 were provided for this effort. A Honolulu District multi-disciplined team consisting of Mr. David Kam, Contracting Officer, Ms. Donna Kanetake, Paralegal, Mr. Duane Arakawa, Architect-Engineer Negotiator, Mr. Leonard Furukawa, Construction Administration Officer, and Mr. Jim Hatashima, Project Manager, visited Saipan, 4 to 8 November 2002, to obtain data and information from various government agencies to form an initial assessment of their overall processes in the execution of the CIP projects.

b. Five (5) areas of concerns were identified as a result of this initial visit. They were: a) prompt payments to contractors; b) lack of central databases for performance evaluations; c) no legal support; d) no project manager or teamwork concept in place; and e) conflicting procurement regulations. The letter report was completed in March 2003.

c. Based largely upon the Honolulu District's report, Governor Babauta announced in mid-August 2003, that the CNMI government would formulate regulations to change and correct the contracting system. These changes will be reviewed by all agencies and for legal sufficiency prior to adoption.

3. Congressional Interest. Representative Tenorio was interested in the study results since CNMI's performance would also impact effective utilization of Federal funds.